

**HACKNEY CARRIAGE FARES - CONSIDERATION OF REQUEST FROM TRADE TO INCREASE FARES**

**COMMITTEE:** LICENSING COMMITTEE

**DATE:** 27 JULY 2022

**AUTHOR:** SENIOR LICENSING OFFICER

[X43]

1.0 ISSUE

1.1 To consider increasing the fares payable by members of the public to use an East Cambridgeshire District Council taxi following a formal request from members of the taxi trade.

2.0 RECOMMENDATION(S)

2.1 That Members consider the content of this report, and instruct officers to vary the existing Table of Fares using the proposed Table of Fares contained in **Table 7**, to take effect from **22 August 2022**, subject to the statutory consultation process, as detailed in paragraphs 3.3 and 3.4 below.

3.0 BACKGROUND

3.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 (“the 1976 Act”) gives the Council power to set fares within the district for the time and distance travelled and all other charges in connection with the hire of hackney carriages. Such fares are specified in a “Table of Fares” which may be varied from time to time.

3.2 Hackney Carriage Drivers are at liberty to charge fares lower than the specified Table of Fares, but are not permitted to charge higher fares for journeys taking place wholly within the district. Journeys commencing outside of the district (due to the driver undertaking a pre-booked journey) do not need to be charged in accordance with the approved fare chart. However, journeys commencing within the district and ending outside of the district must be charged by the meter unless an agreement to pay more than the metered fare is made with the customer in advance of the journey commencing.

3.3 The law requires that any change to the “Table of Fares” must be advertised publicly in at least one local newspaper for a period of not less than 14 days before the proposed change takes effect. The public notice must also be available at the Council offices for inspection free of charge at all reasonable hours during the consultation period.

3.4 If no objections are received during the consultation period then the changes outlined in the notice will come into effect on a date stated in the public notice.

If objections are received and not withdrawn, they must be considered by the Council and a decision made to set a date for the proposed changes to the Table of Fares (with or without modification having considered any such objections) such change to take effect not later than two months from the original effective date stated in the public notice referred to in paragraph 3.3 above.

3.5 The Council last varied its Table of Tares in 2018, with the current Table of Fares (**Appendix 1**) coming into effect on 12 September 2018.

## 5.0 DISCUSSION

5.1 Whenever fares are discussed, it is important to balance the right of the trade to earn a living, whilst at the same time reflecting that any upwards movement will have an impact on the very people the trade rely on to make their living.

5.2 With this in mind it is important to take into account as much information as possible when arriving at a decision. The following paragraphs attempt to provide the necessary facts for Members to make an informed decision.

### **Fuel**

5.3 Tables 1 and 2 below illustrate the fluctuations in the average UK petrol and diesel prices between September 2018 and June 2022. Overall these tables show a steady fall in fuel prices between the September 2018 (the point at which the last fares increase took place) and December 2019, which can be attributed to the worldwide Covid 19 pandemic.

5.4 Fuel prices eclipsed the figure of September 2018 (£1.31) in July 2021, and had been rising marginally until the beginning of 2022, at which time the Ukraine crisis and other factors have caused large increases in fuel prices. The current average cost at the time of writing this report is shown in the tables as £182.5 a litre for petrol and £190.4 for diesel.

**Table 1 - Petrol**

Month	2018	2019	2020	2021	2022
January	N/A	120.0	128.0	118.5	145.7
February	N/A	119.5	124.6	121.5	148.1
March	N/A	121.0	121.3	125.3	163.8
April	N/A	125.4	110.4	126.3	162.2
May	N/A	128.8	106.7	128.4	166.9
June	N/A	128.4	108.0	130.5	182.5
July	N/A	128.4	113.7	133.1	
August	N/A	129.2	114.5	135.4	
September	131.3	127.7	114.5	135.2	
October	131.6	127.6	114.5	141.4	
November	127.5	126.6	114.0	146.9	
December	121.6	125.5	115.1	146.1	

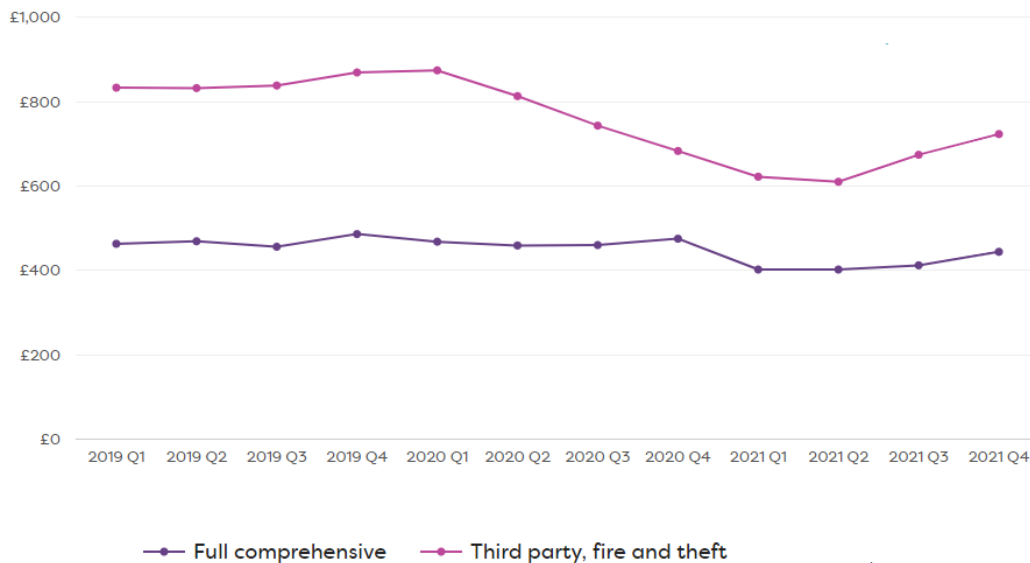
**Table 2 - Diesel**

Month	2018	2019	2020	2021	2022
January	N/A	128.9	132.7	121.8	146.0
February	N/A	128.9	128.0	124.7	151.6
March	N/A	130.3	124.0	128.2	173.8
April	N/A	132.0	115.6	129.1	175.9
May	N/A	134.3	112.0	130.8	180.4
June	N/A	132.4	112.7	133.0	190.4
July	N/A	131.4	117.5	135.0	
August	N/A	132.0	118.2	136.7	
September	134.4	131.4	118.2	136.9	
October	136.7	131.7	117.8	144.9	
November	135.9	130.4	117.2	150.5	
December	131.1	129.6	118.5	149.6	

- 5.5 In real terms this means that it was costing an average taxi driver with a standard people carrier vehicle type running on diesel £94.08 to fill their 70l tank in September 2018, £78.89 in July 2021, and is currently costing £133.28.
- 5.6 A random selection of vehicles from the list of licensed Hackney Carriages suggests an average taxi driver currently drives approximately 26,000 miles a year, down from 35,000 pre-pandemic, so this increase in fuel cost would equate to a £5,618.70 a year fuel cost at 40mpg, compared to £3,966.14 in September 2018. An increase of £1,652.56.

### **Insurance**

- 5.7 It is not possible to obtain specific taxi insurance price information over the 2018 to 2022 period, however, the chart below obtained from a web-based comparison website shows that standard vehicle insurance premiums have followed a similar trend to fuel prices over this period.



- 5.8 Whilst this is not scientific, this trend does appear to reflect the impact of the pandemic on vehicle use, with the likely explanation for the lowering of premiums in 2020 being due to car owners adjusting premiums to reflect lower annual mileage figures. According to Confused.com the average insurance premium increase has been 2% in 2022.
- 5.9 As taxi insurance premiums are significantly higher than standard insurance policies, it is estimated that an average driver would have paid £1,800 per annum in 2018 for their insurance, and will now be paying in the region of £1,850 to £1,900 per annum.

### Vehicle maintenance

- 5.10 The cost of a compliance test in 2018 varied from garage to garage as it does now, but was approximately £55.00 every 6 months for vehicles over 6 years, and every 12 months for vehicles under 6 years of age.
- 5.11 A general phone around a number of our approved garages suggested that due to there being a very competitive market for vehicle servicing and maintenance they have not increased their hourly rates, or compliance fees since 2018. However, they did advise that the cost of parts such as brakes, tyres and oil have increased since 2018, and very noticeably since the beginning of 2022.

### Licence fees

- 5.12 Table 4 below illustrates the fees payable by a licence holder (who holds a driver licence and is the proprietor of one vehicle) from September 2018 through to the current fees which came into force in November 2021:

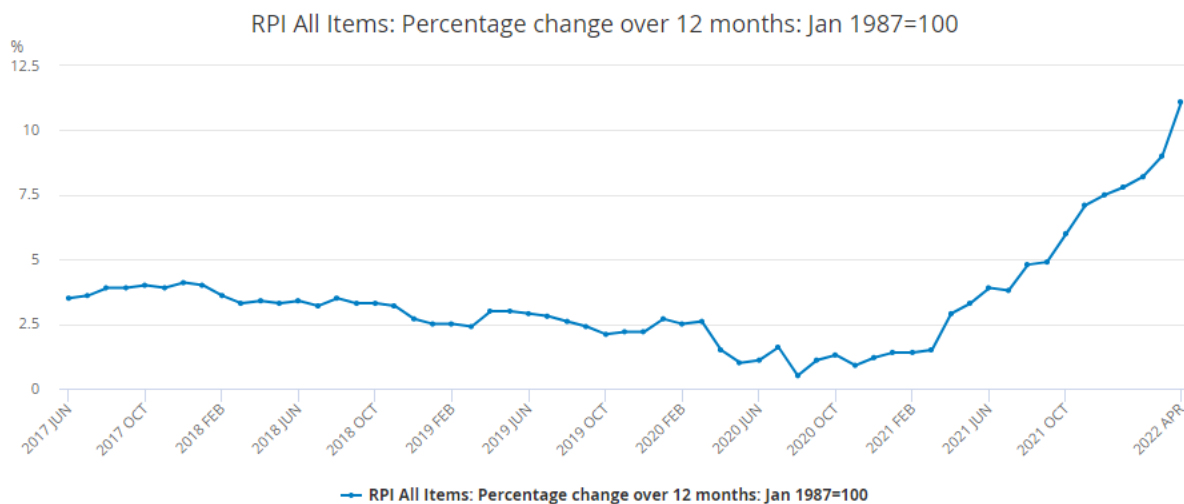
**Table 3 – Licensing fee increases**

Year	Driver licence	Vehicle licence	Total annual cost	Cost per week
Sept 2018	£150	£234	£384	£7.38
Nov 2018	£175	£250	£425	£8.17
2019	Unchanged			
2020				
2021				
2022				
Increase	£25	£16	£41	79p

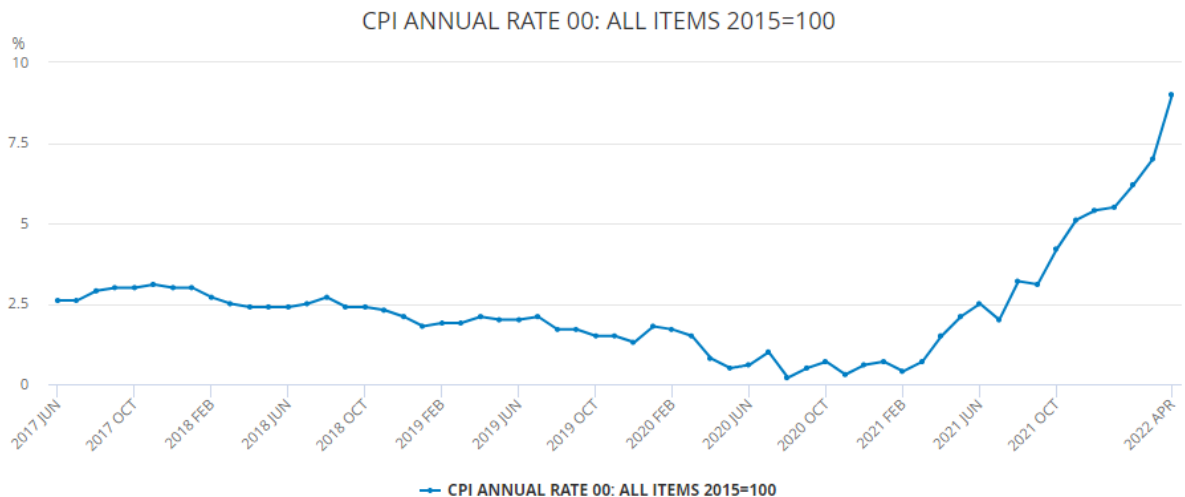
5.13 In addition to the licence fees, insurance and vehicle compliance testing, licence holders also have to provide a medical certificate every three years, pay for a DVLA licence check annually, and subscribe to the DBS update service. It is estimated that these costs are approximately £45 to £50 per annum.

### Inflation

5.14 Given that fuel availability and pricing is a major influencing factor over inflation, it is perhaps not surprising that the RPI and CPI inflation charts below mirror the fuel price fluctuations over the same period. These indicators suggest real world costs have risen since September 2018 but not excessively so, until 2021.



Source:



Source:

- 5.15 It is estimated that since the last fares increase in 2018, inflation has in real terms reduced real world income by approximately 10-12%.
- 5.16 To put fares into context, it is useful to estimate how much of an impact of the differing factors may have had on the trade’s overall income. This is no easy task, as there is no such thing as a standard taxi driver income due to the many variances with working practices. However, it is possible using the Department for Transport’s 2021 Private Hire and Taxi Statistics document to create a base model income.
- 5.17 We already know from our database that an average full-time taxi driver in the district covers approximately 26,000 a year at present, but this is total miles covered, not total chargeable miles. To provide a more accurate figure of earning potential it is necessary to reduce this figure by 50% to take into account so called “dead miles” where a driver returns to the rank, or returns to their home with no paying passengers on board. Table 4 below shows the results of this.

The mileage rate in brackets reflects the average mileage cost.

**Table 4 – Estimated inflationary impact on income**

Total chargeable mileage on Rate 1	13000
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Duration of trips	% of total trips by duration	Total mileage to be charged	Total estimated income
1 mile	3	390	£1,560.00 (£4.00 per trip)
2 miles	19	2470	£7,533.50 (£3.05 per mile)
5 miles	49	6370	£15,797.60 (£2.48 per mile)
9 miles	18	2340	£5,405.40 (£2.31 per mile)
25 miles	9	1170	£2,550.60 (£2.18 per mile)
Over 25 miles	2	260	£564.20 (£2.17 per mile)

Total estimated income in 2022	£33,411.30
Total income required in 2022 to offset inflation (based on a cumulative 11% increase)	£37,086.54

5.18 Table 5 below shows a summary of estimated gains and losses over the past five years.

**Table 5 – Effect of savings and costs over past five years**

	Fuel (Total cost per annum based on 40mpg av.)	Associated licensing costs	Insurance	Inflation adjustment on earnings	Total
2018	£3,966.14	£384.00	£1,800.00	£33,411.30	+£27,261.16
2022	£5,618.70	£425.00	£1,900.00	£29,736.00*	+£21,792.30
+/-	+£1,652.56	+£41.00	+£100.00	-£3,675.24	-£5,468.86

\* 2018 estimated income minus 11% inflation.

## 6.0 SUMMARY

- 6.1 The information available shows that whilst licensing costs and other associated costs, such as driver medicals, DBS certificates, and compliance testing have remained static, over the past two years the taxi trade has suffered greatly as a result of the Covid 19 pandemic. Changing work patterns, remote meetings, and lower numbers of people using airports has seen the overall hire and reward mileage in the district reduce, which directly affects the income a driver can achieve. In addition to this, inflation has reached record highs in 2022, which has had an impact on vehicle parts, second-hand car prices, and fuel prices which have increased by over 30% since January.
- 6.2 It should be noted that when it comes to looking at inflationary factors all members of the community are affected, and so it would not be appropriate to consider increasing fares to a point where taxi drivers are the only members of the community who are ring fenced from all of these economic pressures. However, a number of the specific factors driving inflation arguably have a big impact on the taxi trade's ability to provide a service to those that need it. For example, with the cost of vehicles increasing, without a reasonable income, it will become impossible for the trade to replace vehicles as frequently, which could lead to an older, less environmentally friendly, less reliable taxi fleet.
- 6.3 Members of the public choose to use a service when it is reliable, and affordable, and so increasing fares can have a negative impact on a driver take home pay. Essentially, taxi proprietors only receive an income if they receive a fare paying passenger, whether this is off the rank, the street, or a pre-booked fare. If the price is not affordable people will opt for alternative modes of transport; this may be a private hire vehicle willing to work for a lower fare, or it may see them taking a bus, bike, car share, choosing to walk if the journey is

reasonably short, or they may simply choose not to use technology and not travel at all.

- 6.4 Whilst each area of the country has unique socio-economic factors to contend with, it is worth noting how the current Table of Fares places us compared to our nearest neighbouring authorities, where similar socio-economic factors exist. See Table 6 below.

**Table 6 – Neighbouring authority fares comparison**

<b>Council</b>	<b>2 mile fare (Rate 1)</b>	<b>2 mile fare (Rate 2)</b>	<b>Last increased</b>	<b>Flag rate (Rate 1) (Rate 2 in brackets)</b>
Fenland	£6.20 (4)	£9.30 (1)	2022	£4.00 (£6.00) - 1760 yards (1 mile)
South Cambs	£7.50 (=1)	£8.60 (=2)	2022	£3.30 (£4.40) – 100.6 yards
Hunts	£6.50 (3)	£7.50 (5)	2019	£2.90 (£3.90) - 110 yards
Cambs City	£7.50 (=1)	£8.60 (=2)	2022	£3.30 (£4.40) - 98.43 yards
West Suffolk	£5.80 (5)	£8.60 (=2)	2019	£3.80 (£5.60) - 1760 yards (1 mile)
City of Peterborough	£5.00 (6)	£5.00 (7)	2022	£3.30 at all times - 1760 yards (1 mile)
<b>East Cambs</b>	<b>£6.10 (5)</b>	<b>£7.60 (5)</b>	<b>2018</b>	<b>£4.00 (£5.50)</b> <b>- 1760 yards (1 mile)</b>

- 6.5 The main difference with the fare cards appears to be flag rate distance used. This is important as it is the point at which the immediate hire charge is incurred. For example, a one-mile journey in East Cambs (Railway Station to Market Place) would cost £4.00 in the day, whereas the same journey in Cambridge City would cost £5.30 (£3.30 for the first 98.43yds plus 10 \* £0.20 per additional 175yds, or part thereof). The point at which the “flag” is set will have a significant impact on the overall cost of short journeys, but a lesser impact on longer journeys. The full versions of our neighbouring authority’s fare cards can be found in **Appendix 2**.

## 7.0 CONCLUSION

- 7.1 As detailed in paragraph 6.3 above licensed drivers only earn a living if people use their service, and so increasing fares can actually have a negative impact and result in an income reduction. Having said this, there was overwhelming support from the licensed hackney carriage trade in the district to review the fares, and the evidence suggests that there is a good case to increase the fares that can be lawfully charged in order to offset some of the financial burdens that the trade is finding itself subjected to.

- 7.2 It is suggested that lowering the flag yardage from 1 mile or 1760yds to 704yds, whilst lowering the flag rate charged, and decreasing the click rate for additional yardage to 160yards from 167.6yards, an overall increase in fares of between 8% and 11% would be created. It is also suggested that commencing rate 2 at 9pm instead of 11pm, and imposing a proportionately higher flag



charge rate for rate 2 should further assist operators to attract drivers to offer a better service into the night-time economy period. Table 7 (below) illustrates how this could be achieved, and Table 8 (on the next page) shows the current fares chart:

**Table 7 – Recommended ECDC Table of Fares**

Rate	First 704 yards (644 meters)	For each 160 yards (146.3 meters) or uncompleted part thereof	Waiting time per minute	Two mile cost	Five mile cost
(1) 7am to 9pm Mon – Sat	£3.20	£0.20 (£2.20 per mile)	£0.40	£6.80 (+11.4%)	£13.40 (+8%)
(2) 9pm to 7am Mon – Sat and Sunday 7am until 7am Monday and Bank Holidays (excl. Christmas & New Year)	£4.80	£0.20 (£2.20 per mile)	£0.40	£8.40 (+10.5%)	£15.00 (+7.9%)
(3) 9pm Christmas Eve to 7am 27 <sup>th</sup> December and 9pm New Year's Eve to 7am 2 <sup>nd</sup> January	£6.40	£0.25 (£2.50 per mile)	£0.40	£10.65 (+4.9%)	£18.15 (-7.5%)
Each passenger in excess of one (persons under the age of 18, and person(s) accompanying a passenger who requires assistance due to their physical or mental health shall not be counted)				£0.25 per person, per trip	
Soiling charge				Not to exceed £150.	

**Table 8 – Current ECDC Table of Fares**

Rate	First mile	For each 167.6 yards or uncompleted part thereof	Waiting time per minute	Two mile cost	Five mile cost
<b>Rate 1</b> (7am to 11pm Monday to Saturday) (excl. Bank Holidays)	£4.00	£0.20 (£2.10 per mile)	£0.40	£6.10	£12.40
<b>Rate 2</b>	£5.50	£0.20	£0.40	£7.60	£13.90

(11pm to 7am Monday to Saturday)(excl. Bank Holidays)		(£2.10 per mile)			
<b>Rate 3</b> (7am Sunday to 7am Monday) (excl. Bank Holidays)	£4.50	£0.20 (£2.10 per mile)	£0.40	£6.60	£12.90
<b>Rate 4</b> (All Bank Holidays from midnight to 7am the following day)	£7.00	£0.30 (£3.15 per mile)	£0.40	£10.15	£19.60
Each passenger in excess of one (persons under the age of 18, and person(s) accompanying a passenger who requires assistance due to their physical or mental health shall not be counted)			£0.25 per person, per trip		
Soiling charge			Not to exceed £150.		

## 8.0 FINANCIAL IMPLICATIONS

- 8.1 From a taxi proprietor's point of view the recommendation in this report would see a driver earning an average of 8.7% more than they currently do using the Department for Transport's 2021 Private Hire and Taxi Statistics document, see Table 9 below.

**Table 9 – Impact comparison on income if recommendation is followed**

Total chargeable miles on Rate 1	13000			
Duration of trips	% of total trips by duration	Total mileage to be charged	Total estimated income current	Total estimated income future
1 mile	3	390	£1,560.00 (£4.00 per trip)	£1,794.00 (£4.60 per trip)
2 miles	19	2470	£7,533.50 (£3.05 per mile)	£8,398.00 (£3.40 per mile)
5 miles	49	6370	£15,797.60 (£2.48 per mile)	£17,071.60 (£2.68 per mile)
9 miles	18	2340	£5,405.40 (£2.31 per mile)	£5,779.80 (£2.47 per mile)
25 miles	9	1170	£2,550.60 (£2.18 per mile)	£2,691.00 (£2.30 per mile)
Over 25 miles	2	260	£564.20 (£2.17 per mile)	£596.00 (£2.30 per mile)
Total estimated income			£33,411.30	£36,330.40
Difference			+£2,919.10 (+8.7%)	

8.2 From a customer point of view, the lowering of the initial flag yardage from one mile to approximately 4/10ths of a mile with a lower flag rate will see their average trip increase by £0.70 to £0.80 per journey.

Commuters returning to the city prior to 9pm will still benefit from accessing rate 1 charges, but members of the community who benefitted from the 11pm change-over time when using taxis to access the night-time economy, will be most affected due to the earlier change-over time to rate 2's flag rate.

8.3 From an operator's point of view, these changes should enable them to cover the associated costs of employing drivers for unsociable hours, and therefore, the district should see more vehicles becoming available later into the evening. The increases should also allow them to continue to invest in their fleet, especially the drive towards lower CO<sup>2</sup> emitting vehicles.

- 8.4 The recommended increase will place the Council's rate 1 fares 3<sup>rd</sup>, and our rate 2 fares 5<sup>th</sup> compared to our neighbouring authorities.

**Table 10 – Post increase neighbouring fares comparison**

<b>Council</b>	<b>2 mile fare (Rate 1)</b>	<b>2 mile fare (Rate 2)</b>
Fenland	£6.20 (5)	£9.30 (1)
South Cambs	£7.50 (=1)	£8.60 (=2)
Hunts	£6.50 (4)	£7.50 (6)
Cambs City	£7.50 (=1)	£8.60 (=2)
West Suffolk	£5.80 (6)	£8.60 (=2)
City of Peterborough	£5.00 (7)	£5.00 (7)
<b>East Cambs</b>	<b>£6.80 (3)</b>	<b>£8.40 (5)</b>

- 8.5 As mentioned in paragraph 3.3 of this report, any change made to the Table of Fares must be advertised and any comments received as a result of this consultation must be considered by Members at a further committee which must be held within two months of the date of commencement specified in the original notice published. Due to this, it is further recommended that the **22 August 2022** is used as the date of commencement. The cost of this notice is covered in the licensing budget.
- 8.6 Officer time has been required to prepare this report, and will be required to deal with the consultation exercise. Member time has been required to consider this report, and may be required if comments are received. These costs will come out of the Licensing Department's budget.
- 8.7 An Equality Impact Assessment (EIA) has been completed showing there is no adverse impact on the community if Members follow the Officer recommendations.

## 9.0 APPENDICES

- 9.1 Appendix 1 Existing ECDC Table of Fares  
 Appendix 2 Full versions of neighbouring authority's taxi fare cards.

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### Background Documents

The Local Government  
 (Miscellaneous Provisions) Act  
 1976

### Location

Room SF208  
 The Grange,  
 Ely

### Contact Officer

Stewart Broome  
 Senior Licensing Officer  
 (01353) 616477

Department for Transport's -  
 2017 Private Hire and Taxi  
 Statistics